



South Carolina Commission on Higher Education

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CAAL
5/2/2013
Agenda Item 5

May 2, 2013

MEMORANDUM

To: Members, Committee on Academic Affairs and Licensing

From: Ms. Renea Eshleman, Acting Director, Academic Affairs and Licensing

Consideration of Operating Budget for the SmartState Program, Fiscal Year 2013-2014

Background

Attached please find the proposed fiscal year 2013-2014 operating budget approved by the SmartState Review Board, at its February 18, 2013, quarterly meeting. As required by statute, the operating budget must be submitted to the Commission for approval. The SmartState Review Board is charged with overseeing the SmartState Program and with annually providing the Commission on Higher Education "a schedule by which applications for funding are received and awarded on a competitive basis" (S.C. 2-75-10). The Commission must also approve the program's annual operating budget: "all necessary funds for the prudent operation of the board..." (S.C. 2-75-70).

The SmartState Review Board issued no awards during fiscal year 2011-2012, and is expected to issue \$6 million in awards at the conclusion of fiscal year 2012-2013; an RFP for Standard SmartState Awards was issued August 29, 2012. An 2010-2011 RFP for SmartState Commerce Awards in the amount of \$6 million remains open, pending input from the South Carolina Secretary of Commerce.

To date, the SmartState Review Board has awarded \$191.6 million for the creation of 48 Centers of Economic Excellence and 86 specialized endowed professorships.

The proposed 2013-2014 SmartState operating budget holds at the 2012-2013 approved budget level of \$767,997. Authorization to expend this amount is pending approval by the General Assembly as part of the 2013-2014 state budget. Overall individual budget line decreases include \$40,000 for consultants. Overall individual budget line increases include \$2,170 and \$4,644 for CHE personnel wage and contribution increases, respectively; \$1,300 for the external audit contract; \$31,000 for Council of Chairs activities; \$278 for dues/memberships; and \$608 for office rent.

Recommendation

The staff recommends that the Committee on Academic Affairs and Licensing commend favorably to the Commission the annual operating budget as approved by the SmartState Review Board for FY 2013-14.



S.C. CENTERS OF ECONOMIC EXCELLENCE: PROPOSED OPERATING BUDGET FY 2014

Object of Expenditure (SCEIS code in parentheses)	FY 2012 – 2013 Approved	FY 2013 - 2014 Proposed	Increase/ [Decrease]
Personal Services (501)	183,653	185,823	2,170
Contractual Services (502)			
Auditor Contract	27,500	28,800	1,300
Consultants	50,000	10,000	(40,000)
Website Maintenance	7,200	7,200	—
Advertising / Publishing	10,000	10,000	—
Other Contractual Services	76,400	76,400	—
Council of Chairs Activities	25,000	50,000	25,000
Council of Chairs (Scholarships)	—	6,000	6,000
Subtotal Contractual Services	196,100	188,400	(7,700)
Supplies / Equipment (503)	10,000	10,000	—
Fixed Costs (504)			
Dues/Memberships	1,522	1,800	278
Equipment Leases	824	824	—
Facilities Rental	551	551	—
Liability Insurance	2,000	2,000	—
Office Rent	11,925	12,533	608
Subtotal Fixed Costs:	16,822	17,708	886
Staff Travel & Conferences (505)	10,000	10,000	—
Employer Contributions (513)	51,422	56,066	4,644
Inst. Admin. Asst. Funds (517)	300,000	300,000	—
SUBTOTAL OPERATING:	767,997	767,997	—

The FY 2013-14 SmartState Program Operating Budget has been prepared and expenditure of funds in implementing the budget will be carried out so as to comply with the requirements of Proviso 6.20, which states: "The Commission on Higher Education is prohibited from expending any source of funds on the marketing of the SmartState Program."